



DEPARTMENT OF THE NAVY
OFFICE OF THE CHIEF OF NAVAL OPERATIONS
2000 NAVY PENTAGON
WASHINGTON, D.C. 20350-2000

IN REPLY REFER TO

OPNAVINST 8015.2
N412I
1 Jul 98

OPNAV INSTRUCTION 8015.2

From: Chief of Naval Operations

Subj: ORDNANCE INVENTORY ACCOUNTABILITY

Ref: (a) DoD 4000.25-2-M, 1 May 87, Military Standard
Transaction Reporting and Accounting Procedures
(MILSTRAP) (As amended by approved MILSTRAP Change
Letters 8, 8A and 8A (Addendum)) (NOTAL)
(b) OPNAVINST 5530.13B, Department of the Navy Physical
Security Instruction for Sensitive Conventional
Arms, Ammunition, and Explosives

Encl: (1) Definitions and acronyms
(2) Ordnance Inventory Management Performance Reporting

1. Purpose

- a. To issue policy for accountability of ordnance inventory.
- b. To assign responsibility for achieving and sustaining ordnance inventory accuracy performance objectives.
- c. To establish reporting requirements for ordnance inventory accountability statistics.
- d. To focus leadership on encouraging continuous process improvement in the design, development and upgrade of processes and systems that lead to ordnance inventory accuracy.
- e. To implement provisions of reference (a) in Department of the Navy.

2. Cancellation. OPNAVINSTs 8000.13 and 8000.15, OPNAV Forms 8000/2 and OPNAV 8000/3 and Report Symbols 8000-9 and 8000-10.

3. Scope and Applicability

a. Materiel Inclusions. This instruction applies to materiel in any condition held on Navy inventory records or in contracted custody and classified as ordnance, inert ordnance cognizance materiel and ordnance containers/packaging items designated as reusable. Enclosure (1) provides a list of definitions/acronyms used within this instruction.

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b. Materiel Exclusions. Nuclear, biological, and chemical ordnance materiel.

c. Personnel and Functional Performance Inclusions. All government and contractor personnel involved with ordnance acquisition, life-cycle and operational logistics support and information systems management. Command, claimant and supervisory personnel are included if subordinate activities and/or personnel perform functions delineated in this paragraph. This instruction is applicable to U.S. Marine Corps activities holding Navy cognizance ordnance.

4. Objectives

a. Strengthen ordnance accountability by improving inventory accuracy and the supporting inventory management processes.

b. Achieve and sustain inventory accuracy and management standards identified here.

c. Focus command attention on the requirement to institutionalize, throughout Navy activities and units, a heightened sense of accountability for ordnance inventory and highlight inventory accuracy as a primary element of successful mission accomplishment.

5. Policy

a. Security is the first line of defense for physical inventory control and accountability. Navy activities and units included in the scope of this instruction shall pay special attention to the process and requirements for safeguarding ordnance inventory as described in reference (b).

b. A single total item property record within Navy will be established for information as to the world-wide status of Navy ordnance requirements, assets, production, expenditures, costs, and technical inventory management data, regardless of inventory management or ownership responsibilities. The single total item property record shall be maintained to provide the complete range of data supporting ordnance acquisition logistics, integrated logistics support and operational logistics. The record shall be accessible and shared by all users of ordnance logistics data. Duplicative systems and records will not be maintained. Capability to account for the worldwide ordnance inventory using a single total item property record will be delivered with the Joint Ammunition Management Standard System (JAMSS) or equivalent open system environment automated information system. Compliance with single total item property record accounting is deferred until delivery of AMSS or an equivalent system.

c. An accurate ordnance inventory record and firm accountability controls are a command priority and a key element

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of successful mission accomplishment. Official stock records will reflect activity/unit level accountability. Commanding officers and officers in charge of activities or units with physical custody of ordnance, regardless of condition, are accountable for the accuracy between the single total item property record and ordnance physically on-hand or in-transit and accountable to that activity or unit. Accountability includes at a minimum the responsibility for ordnance custody, care, receipt, storage, and issue; safeguarding and re-warehousing; physical inventory and research; location survey/reconciliation; quality control checks; discrepancy report initiation, research and resolution; investigating and assessing financial liability for loss, damage and destruction of government property; and appropriate actions to ensure that the physical onhand quantity and the total item property record are in agreement. Ordnance in-transit is accountable to shipping activity/units until confirmation of receipt by the final destination consignee. Ordnance accountability is achieved by attaining Chief of Naval Operations (CNO) inventory accuracy standards cited in this instruction.

d. Ordnance inventory accuracy is a CNO special interest item. An inventory accountability program shall be established by each major command/claimant whose subordinate activities or units hold ordnance. Activity or unit performance measured against ordnance inventory accuracy standards shall be specifically and separately identified in the formal results of command audits, administrative and explosive safety inspections and inventory accountability reviews. Funding and staffing for inventory accountability reviews shall be included as part of the overall command budget, as is now the case for inspections and other internal reviews.

e. Inventory accountability related functions are inherent command responsibilities. Accordingly, staffing and funding for inventory accountability program related functions shall be the responsibility of individual commands/claimants.

f. The Navy Inspector General and Director, Naval Audit Service shall routinely include inventory accountability reviews in their scheduled activity and/or inspections and audits.

g. All subordinate directives concerned with inventory accountability procedures must comply with this instruction.

6. Ordnance Inventory Accuracy Standards

a. 100 percent inventory line item record accuracy for high risk category I and II (Controlled Inventory Item Codes (CIICs) 1, 2, 5, 6, 8, S, C).

b. 95 percent inventory line item record accuracy for remaining inventory including low risk category III and IV (CIICs 3, 4, 7, P, U (explosive & inert), blank).

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- c. 98 percent location survey accuracy.
- d. 99.5 percent location reconciliation accuracy.
- e. 100 percent physical inventory coverage.

(1) Semi-annual for category I (CIICs 1,5,6).

(2) Semi-annual or annual for all other categories as specified in reference (a).

f. No unmatched issue or disputed receipt transaction in-transit over 120 days old.

g. Receipt/issue/status change document posting and processing. 90 percent of transaction item report/ammunition transaction report submitted within the following time frames to update the single total item property record:

(1) All transactions involving high risk category I and II: 24 hours (1 working day).

(2) All other transactions: 48 hours (2 working days).

7. Action

a. Chief of Naval Operations (N4) (CNO (N4)). CNO (N4) will establish ordnance accountability policy. CNO (N41) will serve as resource and functional sponsor for ordnance accountability functions and activities.

(1) Define Navy-wide ordnance inventory accountability policy, objectives and standards. Communicate changes as necessary through revisions to this instruction.

(2) Review Navy-wide ordnance inventory accountability quarterly performance trends compiled and forwarded by Naval Sea Systems Command (NAVSEASYS COM).

b. Commander, Naval Sea Systems Command (COMNAVSEASYS COM). COMNAVSEASYS COM will assist CNO (N41) in carrying out Navy monitoring functions.

(1) Establish necessary offices to discharge ordnance accountability functional requirements.

(2) Include accountability coordination and resource requirements in headquarters/field organization annual POM/FYDP/Budget submissions.

(3) Define and coordinate development of automated information systems (AIS) and automated identification technology (AIT) hardware, data bases and applications to support ordnance

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acquisition logistics, integrated logistics support and operational logistics requirements delineated in references (a), (b) and this instruction. Approve all major update requirements in these areas.

(4) Conduct periodic Inventory Accuracy Forums for discussion of ordnance accountability related matters.

(5) Schedule and conduct annual primary stock point accountability reviews to assess performance against policy and procedures.

(6) Compile, analyze and report quarterly ordnance accountability performance statistics collected from the ordnance control point and each primary/secondary ordnance stock point. The statistics identified in enclosure (2) should be reported to CNO (N41) by the 15th of the first month of each quarter (January 15, April 15, July 15, October 15).

(7) Develop and issue ordnance accountability, quality control, safety, storage, and handling policies and procedures for Navy cognizance materiel as prescribed in references (a) and (b).

(8) Coordinate with Chief of Naval Education and Training (CNET) to ensure development and implementation of formal ordnance accountability and inventory management training courses, training methods, and training materials related to the career path requirements and proficiency certification requirements of officer, enlisted, and civilian personnel within the Navy-wide ordnance community.

(9) Develop and acquire maintenance support for all ordnance inventory management related AIS, AIT, and software packages.

(10) Coordinate with the Single Manager for Conventional Ammunition (SMCA) to ensure naval ordnance in SMCA custody meets inventory accuracy requirements delineated in this instruction.

(11) Monitor execution of key inventory accountability events performed by stock points and the ordnance control point. Key events include:

(a) Compliance with physical inventory, location audit and location reconciliation scheduling and performance requirements,

(b) Reconciliation of aged unmatched issue and disputed receipt transactions,

(c) Timely and accurate transaction reporting, receipt and issue processing.

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(12) Conduct ordnance accountability review visits in conjunction with other command-sponsored inspections/internal reviews (e.g., Explosive Safety Inspections, Administrative Inspections, Supply Management Assessments).

c. CNET

(1) Provide assistance to the training support agent for curricula and training materials development in support of ordnance accountability related training requirements.

(2) Include approved ordnance accountability related learning objectives in appropriate training courses administered within the Naval Education and Training Command.

(3) Monitor ordnance-related course materials/curricula for currency and adequacy of subject matter taught and course materials provided from the standpoint of promoting accuracy.

(4) Include funding required in support of ordnance accountability related training requirements in CNET Program Objectives Memorandum (POM)/Future Years Defense Plan (FYDP)/budget submissions.

d. Major Commands/Claimants

(1) Ensure procedures contained in new or revised command directives are compatible with CNO policy.

(2) Include ordnance inventory accuracy and accountability assessments as part of command inspection and internal review checklists.

(3) Include sufficient funding in command POM/FYDP/budget submissions to support ordnance accountability objectives throughout the chain of command as an inherent part of the command's military mission.

(4) Ensure ordnance accountability achievements and ordnance inventory accuracy performance are identified in officer fitness reports for subordinate commanding officers/officers in charge of activities involved in ordnance inventory management functions.

(5) Establish programs and issue implementing guidance to ensure completion of key inventory accountability events by activities, units, stock points and the ordnance control point. Key events include at a minimum:

(a) Compliance with physical inventory, location audit and location reconciliation scheduling and performance requirements,

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(b) Reconciliation of aged unmatched issue and disputed receipt transactions,

(c) Timely and accurate transaction reporting, receipt and issue processing.

e. Commanding Officers and Officers in Charge

(1) Establish and conduct for commanding officer/officer in charge review an internal command inventory accuracy and accountability performance monitoring program. Periodically review performance metrics for the following inventory accuracy functions. Frequency will be dependent on the level of ordnance handling activity at the individual site. However, quarterly is the minimum frequency.

(a) Receipt/Issue processing (volume and time frames).

(b) Stock record posting (timeliness and accuracy).

(c) Ammunition transaction report (ATR)/transaction item report (TIR) preparation (timeliness and accuracy).

(d) ATR/TIR communication center processing (timeliness).

(e) Physical inventory scheduling and completion (timeliness).

(f) Physical inventory adjustments (volume and gross dollar value).

(g) Ordnance-related Navy training courses participation (percentage of required training completed).

(h) On-the-job training in basic skills and local procedures (percentage of required training completed).

(i) Temporary storage waiver (volume and age).

(j) Reconciliation of aged unmatched in-transits (volume and age).

(2) Assign well-trained individuals of at least an O-3/GS-09 grade level to the inventory accuracy officer billet at stock points.

(3) Conduct local training programs and utilize formal training courses to the extent necessary to ensure that local magazine custodians, record keepers, and managers have the proper skills and knowledge for maintaining local inventory accuracy and accountability of ordnance assets.

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(4) Include, when deemed appropriate by the commanding officer/officer in charge, ordnance inventory accuracy performance and accountability achievements in officer/enlisted/civilian performance appraisals for individuals assigned to ordnance functions.

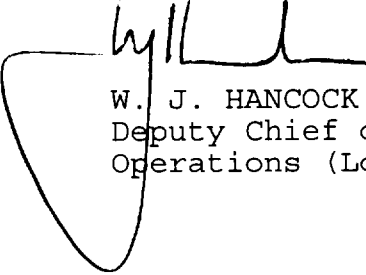
f. Acquisition/Inservice Managers

(1) Include contractual provisions for vendor submissions of ATRs in all contracts for new production and/or repair of ordnance materiel.

(2) Ensure administrative contracting officers monitor the execution of vendor ATR submission requirements included in contracts.

(3) Prepare an annual command report to NAVSEASYS COM with a copy to Naval Ordnance Center (NAVORDCEN) listing all current contracts involving ordnance production and repair identifying those with contract provisions requiring vendor ATR submissions.

8. Reports. Report Symbol OPNAV 8015-1 is assigned to the requirement contained in paragraph 7b(6) and symbol OPNAV 8015-2 to the requirement contained in paragraph 7f(3) and are approved per SECNAVINST 5214.2B.



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DEFINITIONS/ACRONYMS

Accountability. The duty to physically safeguard and timely and accurately process, record, and report asset transactions including the ability to "account for" and explain physical movements, condition code changes, custodial changes, losses or gains by inventory or record discrepancies.

Ordnance. Explosives, chemicals, pyrotechnic and similar stores, e. g., bombs, guns and ammunition, flares, smoke, napalm. For purposes of this instruction ordnance includes materiel assigned cognizance symbol -E, -T, 2D, 8S, 8U, 8A, and 0A. (Source: JCS Pub 1).

Inventory Accuracy Indicators. Sample or reported statistical indicators of the estimated degree to which central and or local stock records adequately portray the actual quantities, purpose and conditions of ordnance assets on hand at selected sites. Accuracy can be evaluated for total stock or by selected ordnance stock strata (such as cognizance symbol, risk category, commodity group, Federal Supply Class (FSC), or magazine/stowage site). Indicator definitions are:

(1) Line Item Record Accuracy. Measured by physical inventory statistics and validated by on-site audit. Evaluates percentage of line items with quantity differences (out-of-balance) in comparing physical inventory counts versus posted stock record balances. Under this Department of Defense-prescribed method, each sampled record is either 100 percent accurate (quantities match) or zero percent accurate (quantities do not match). This method is used to incrementally evaluate records at each stock point as a result of scheduled/unscheduled physical inventories and/or by samples. It is validated by sampling items during on-site visits.

(2) Location Survey. The physical verification, other than actual count, between ordnance in storage and recorded location data on stock point records to ensure that all assets are properly recorded as to location, Naval Ammunition Logistic Code (NALC), National Stock Number (NSN), condition code and unit of issue.

(3) Location Reconciliation. A match between stock point and ordnance control point inventory manager (IM) records to identify and correct situations where items are on stock point records but not recorded on IM records or vice versa. It includes a match of NALC, NSN, unit of issue, condition code, quantity, physical security code, and shelf life code. Location reconciliation is scheduled by the ordnance control point and performed jointly by the ordnance control point and the stock point.

Ammunition Management Accountability Review (AMAR). On-site reviews coordinated, scheduled, and targeted primarily at activities whose performance trends are suspect. Trends are

Enclosure (1)

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determined by review of quarterly accountability performance statistics collected and reported to COMNAVSEASYS COM and CNO (N41). AMARs may also be specifically recommended by major commands/claimants.

Physical Inventory. The physical count of ordnance in storage at a stock point for the purpose of verifying the recorded stock balance. A physical inventory consists of physical counts, post-count validation, pre-adjustment research and causative research. Random statistical sampling using generally acceptable statistical sampling techniques may be used to satisfy selected physical inventory requirements as specified in reference (a). If sample inventory results do not reflect achievement of ordnance inventory accuracy standards identified in this instruction with a 95 percent confidence level and a maximum margin of error of two percent, complete physical inventories of the population will be conducted.

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ORDNANCE INVENTORY MANAGEMENT PERFORMANCE REPORTING

A. Inventory Sample Categories.

1. High risk category I and II (Controlled Inventory Item Codes (CIICs) 1, 2, 5, 6, 8, S, C)
2. Remaining inventory including low risk category III and IV (CIICs 3, 4, 7, P, U (explosive & inert), blank)

B. Sample Parameters.

1. Minimum sample size of 30 line items randomly selected from CAIMS for each sample category. The sample size should be increased to a maximum of 99 line items per category if count/reconciliation team resources allow.
2. Line item defined as COG, NIIN, quantity, owner/purpose/activity classification codes, and condition code.

C. Sample Results.

1. Raw inventory line item record accuracy (record to location) computed by dividing the number of line items with an inventory variance by the total line items inventoried, multiplying by 100, and subtracting the result from 100.
2. Reconciled inventory line item record accuracy.

D. In-Transit Statistics.

1. Number of unmatched issues in-transit for each storage activity and worldwide by COG (0-60 days, 61-120 days, 121-180 days, over 180 days, over 1 year, over 2 years).
2. Number of disputed receipt transactions in-transit for each storage activity and worldwide by COG (0-60 days, 61-120 days, 121-180 days, over 180 days, over 1 year, over 2 years).